

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 L-03 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 TAR-02 FTC-01 INT-08 FEA-02 AGR-20

DRC-01 /164 W

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R 111614Z APR 74

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 7989

UNCLAS ABIDJAN 2869

E.O. 11652: N/A

TAGS: EIND, EFIN

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 53993

1. REVISED NARRATIVE AS FOLLOWS:

IVORY COAST WELCOMES DIRECT AMERICAN INVESTMENT. THE 1959 INVESTMENT CODE PROVIDES FOR UP TO 5 YEARS OF TAX HOLIDAY FOR INVESTMENTS DEEMED BENEFICIAL TO THE ECONOMY, AND BOTH OPIC AND THE EXIM BANK HAVE DONE AND ARE PREPARED TO DO FURTHER BUSINESS IN IVORY COAST.

AMERICAN INVESTMENT, CURRENTLY AT DOLS 39 MILLION, HAS BEEN TRADITIONALLY IN PETROLEUM REFINING AND DISTRIBUTION AND BANKING, BUT IS NOW DIVERSIFYING INTO LIGHT MANUFACTURING AND EXPORT ORIENTED INDUSTRIES.

OTHER COUNTRIES ARE BECOMING INTERESTED IN ABIDJAN FOR REGIONAL INVESTMENT. HOWEVER THIS IS A RECENT TREND, AND THE VAST MAJORITY OF INVESTMENT IS EITHER FRENCH OR RELATED

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TO PRE-INDEPENDENCE COMMERCIAL ACTIVITIES.

IVORIANIZATION OF PERSONNEL AND OWNERSHIP IS A KEY DEVELOPMENT OBJECTIVE. THUS, THE REPLACEMENT OF EXPATRIATE BUSINESSMEN IS PROCEEDING APACE, AND WILL LIKELY ACCELERATE AS MORE QUALIFIED IVORIANS ENTER THE MARKET PLACE. DESPITE THIS, THERE HAVE NEVER BEEN ANY NATIONALIZATIONS AND A CONTINUATION OF THE PRESENT GOVERNMENT WILL CONTRIBUTE TO A POSITIVE BUSINESS ENVIRONMENT IN IVORY COAST. THE OWNERSHIP OF INVESTMENT IS A MATTER OF CHOICE FOR THE INVESTOR; HOWEVER, IVORIANIZATION IS A NORMAL PROGRESSION WHICH SHOULD BE CONSIDERED.

SEVERAL OFFICES EXIST FOR ASSISTANCE TO POTENTIAL INVESTORS, DEPENDING ON THE TYPE OF ACTIVITY. IN GENERAL, THE EXPATRIATE ADVISORS TO THESE ORGANIZATIONS ARE BASICALLY UNBIASED AND WILL EXAMINE EACH PROJECT ON ITS OWN MERITS.

IVORY COAST HAS UNTIL RECENTLY BEEN CONSIDERED A FRENCH DOMAINE, BUT THE IVORIAN GOVERNMENT AND ITS OFFICES WELCOME AND DO EVERYTHING POSSIBLE TO PROMOTE AMERICAN DIRECT INVESTMENT. HOWEVER, THE ACTUAL IMPLANTATION AND RUNNING OF THE PROJECT IS IN THE EXISTING BUSINESS ENVIRONMENT WHICH IS PREDOMINANTLY FRENCH. THIS ELEMENT OF THE BUSINESS ATMOSPHERE IS PARTICULARLY RELEVANT IN THE SELECTION OF PERSONNEL, E.G. FRENCH SPEAKING CAPABILITY, OVERSEAS ADAPTABILITY, AND IN PROJECTIONS OF WORK SCHEDULES AND COMPLETION DATES, E.G. BUREAUCRATIC DELAYS AND POTENTIAL OBSTRUCTIVE TACTICS BY ESTABLISHED COMPETITORS.

2. INVESTMENT STATISTICS - DIRECT AMERICAN IN DOLLARS:

TOTAL, ALL INDUSTRIES 38,638,000
MINING AND SMELTING 1,500,000
PETROLEUM 26,300,000
MANUFACTURING 3,050,000
OTHER INDUSTRIES 7,788,000

3. DIRECT INVESTMENTS BY ALL COUNTRIES IN DOLLARS:

TOTAL, INCLUDING U.S. 442,460,000
OTHER COUNTRIES N/A

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4. FYI: IVORIAN LAW DOES NOT REQUIRE AN IMPARTIALLY CERTIFIED FINANCIAL STATEMENT AT END OF EACH YEAR; THEREFORE, "BOOK VALUE" BECOMES VAGUE. ALL FIGURES ARE TOP MANAGEMENTS' BEST UNOFFICIAL ESTIMATES OF "BOOK VALUE". MANY FIRMS GUARD CLOSELY THE TRUE STATE OF INTERNAL FINANCES IN ORDER TO AVOID PUBLIC SCRUTINY OF THEIR OPERATIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMERCE & INDUSTRY, FOREIGN INVESTMENTS, FINANCIAL MARKETS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ABIDJA02869
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740084-0559
From: ABIDJAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740450/aaaabsud.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 53993
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 27 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 FEB 2002 by averetam>; APPROVED <18 DEC 2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT CLIMATE AND STATISTICS
TAGS: EIND, EFIN, IV, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005